

# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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**TO:** All County, City, and Town Fiscal Bodies and County Assessors and County Auditors

**FROM:** Courtney L. Schaafsma, Commissioner

**RE:** Reimbursement to Taxing Units for Failure to Comply with Abatement Requirements, Senate Enrolled Act 1-2014

**DATE:** June 4, 2015

On March 25, 2014, Governor Pence signed into law Senate Enrolled Act 1-2014 ("SEA 1"). Please note that SEA 1 was passed during the 2014 General Assembly session. This memorandum addresses Section 4 of SEA 1, which introduced IC 6-1.1-12.1-12.5 effective July 1, 2014. This memorandum is being released now in conjunction with the "superabatement" memo, available here:

[http://www.in.gov/dlgf/files/pdf/150603 - Schaafsma Memo -](http://www.in.gov/dlgf/files/pdf/150603_-_Schaafsma_Memo_-_)

[Business Personal Property Superabatement.pdf](#). This memorandum is intended to be an informative bulletin; it is not a substitute for reading the law.

Section 4 of SEA 1 introduced IC 6-1.1-12.1-12.5, which governs what happens when a county or municipality receives a reimbursement, repayment, or penalty from a taxpayer on account of the taxpayer's failure to comply with the statement of benefits provided by the taxpayer or on account of the taxpayer's failure to comply with any other requirement to receive a deduction under IC 6-1.1-12.1. In either case, the county or municipal fiscal officer must distribute the amount of the reimbursement, repayment, or penalty on a pro rata basis to each taxing unit that contains the property subject to the deduction.

The amount to be distributed to each eligible taxing unit must be determined according to the following formula:

STEP ONE: Determine the total aggregate property tax rate imposed in the preceding year by the taxing unit.

STEP TWO: Determine the sum of the STEP ONE amounts for all taxing units that contain the property that was subject to the deduction.

STEP THREE: Divide the STEP ONE amount by the sum determined under STEP TWO.

STEP FOUR: Multiply the amount of the reimbursement, repayment, or penalty by the STEP THREE quotient.

## Contact Information

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